

**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation of the Business  
Opportunity Fraud Act of Washington by:

Imergent, Inc.; StoresOnline, Inc.; John J. Poelman;  
Brandon Lewis; Donald Danks; Charles Andrews;  
their agents and employees.

Respondents.

S-03-010-03-TO01

SUMMARY ORDER TO CEASE AND DESIST

Case No. S-03-010

THE STATE OF WASHINGTON TO:

Imergent, Inc.; StoresOnline, Inc.; John J. Poelman;  
Brandon Lewis; Donald Danks; Charles Andrews  
754 E. Technology Ave.  
Orem, Utah 84097

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents Imergent, Inc.; Stores Online, Inc.; John J. Poelman; Brandon Lewis; Donald Danks; Charles Andrews; their agents and employees have violated the Business Opportunity Fraud Act of Washington and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

SUMMARY ORDER TO CEASE AND DESIST

1

**DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760**

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

## TENTATIVE FINDINGS OF FACT

### I. Respondents

1. Imergent, Inc. ("Imergent") is a Delaware corporation with its principal place of business at 754 E. Technology Avenue, Orem, Utah 84097. Imergent is in the business of selling Internet merchant services through its Stores Online subsidiary.

2. StoresOnline, Inc. ("StoresOnline") is Imergent's subsidiary, with its principal place of business at 754 E. Technology Avenue, Orem, Utah 84097. StoresOnline is in the business of selling Internet merchant services.

3. John J. Poelman ("Poelman") was the Chief Executive Officer of Imergent at all times relevant to the matters set forth herein.

4. Brandon Lewis ("Lewis") was the President of Imergent at all times relevant to the matters set forth herein.

5. Donald Danks ("Danks") was Imergent's Chairman of the Board at all times relevant to the matters set forth herein.

6. Charles Andrews ("Andrews") was a salesperson for Imergent and acting as an agent for Imergent, StoresOnline, Poelman, Lewis, and Danks at all times relevant to the matters set forth herein.

### II. Nature of the Offering

7. A Washington resident attended a StoresOnline Seminar in February 2002. At that seminar, Imergent and StoresOnline featured a jewelry storeowner who stated that he made \$25,000 a month using Imergent and StoresOnline's Internet merchant package. Furthermore, Imergent and StoresOnline stated that if the Washington resident did not make his money back in 90 days, he could call Stores Online and Stores Online would help the Washington resident get his money back.

1           8. Imergent and StoresOnline represented that the Washington resident could purchase three websites  
2 and an e-commerce account for \$3,600. Imergent and StoresOnline offered to sell the Washington resident  
3 tools for \$99 to \$199, in order to increase traffic to the Washington resident's website. The package offered  
4 by Imergent and StoresOnline included an optional \$150 hosting fee. Respondents Imergent and StoresOnline  
5 told the Washington resident that he could purchase expert website design from StoresOnline for an additional  
6 \$50 an hour.

7           9. In February 2002, Imergent and StoresOnline sold an Internet merchant services program to the  
8 Washington resident and failed to disclose material information regarding the business opportunity, including,  
9 but not limited to:

- 10                   i. The contract failed to state "Do not sign this contract if any spaces for agreed  
11 terms are blank. Do not sign this contract unless you receive a written disclosure.  
12 You are entitled to a copy of this contract an the time you sign it."
- 13                   ii. The contract failed to state "Do not sign this contract unless you received a written  
14 disclosure document from the seller at least forty-eight hours before signing."
- 15                   iii. The contract failed to state "You are entitled to a copy of this contract at the time  
16 you sign it."
- 17                   iv. The contract failed to notify the prospective purchaser that he has seven days to  
18 cancel the contract for any reason.

19           10. In February 2002, Imergent and StoresOnline sold an Internet merchant services program to the  
20 Washington resident and failed to provide a written disclosure document, including but not limited to:

- 21                   i. Business history
- 22                   ii. Litigation history
- 23                   iii. Current financial statements

24           11. On December 16, 2002, Imergent sent an email to a second Washington resident which stated:

FREE DINNER CONFERENCE in OLYMPIA  
VIP RESERVATIONS FOR TWO

Learn how to make money in the Olympia Area!  
Enjoy Dinner hosted by the country's leading Internet Instructors!

Click here: [iregnow.com](http://iregnow.com)  
OR Call: 1-800-715-6152 ext. 2991

12. After following the link to register for the conference, the second Washington resident found the following advertisement:

"Begin to learn the little known secrets to creating wealth on the Internet in as little as 90 minutes"

"When you use our complimentary, no obligation, 90 minute conference, you'll understand how you can tap into our turnkey Internet cash flow systems"

"The conference will be presented by StoresOnline, Inc., widely recognized as the premier Internet training organization in the country today. Discover the facts!"

13. The second Washington resident attended the Stores Online seminar in Washington. At the seminar, Andrews solicited the second Washington resident to attend another full day workshop for \$35. At the seminar, Respondents, through their agent Andrews, told the second Washington resident that they would provide him with Internet merchant services that would teach the second Washington resident how to earn money by selling products on the World Wide Web. Imergent and StoresOnline would provide "its customers the ability to (i) acquire a presence on the internet and (ii) to advertise and sell their products or services on the Internet." This system had three parts. First, Respondents told the second Washington resident that they would show him how to build a website using their template/software. Second, Respondents promised to provide the second Washington resident with information about how to draw traffic to the website in order to market a product. Finally, Respondents promised the second Washington resident that they would teach him to market his website to other businesses that wished to sell their products on the Internet.

14. Respondents, through their agent Andrews solicited the second Washington resident to become a StoresOnline Active Merchant by paying a \$2,400 maintenance fee.

15. Andrews told the second Washington resident that Andrews did not know of an investor who had not earned their investment back in one year. Andrews told numerous stories of investors who made their money back in less than 90 days.

16. The Securities Administrator issued a subpoena to Respondents StoresOnline and Poelman on January 17, 2003 pursuant to RCW 19.110.140. See attached. Respondents, StoresOnline and John Poelman responded by providing a letter from StoresOnline's attorney. The response provided a "Workshop Guarantee & Agreement" form, an "Internet Marketing Workshop Registration" form, a "Business to Business Order Form," and a "StoresOnline Active Merchant Receipt." The response failed to provide all documents evidencing the names of people to which StoresOnline offered or sold business opportunities; documents evidencing the amount and date of each purchase; bank account information; all offering, promotional, and advertising materials; all correspondence between StoresOnline and investors or offerees; as well as all books, records, ledgers, journals, client files and similar documents relating to purchases and offers of business opportunities as requested by the subpoena.

### **III. Registration Status**

17. Respondents Imergent and StoresOnline have not been and are not currently registered to sell business opportunities in the state of Washington.

Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:

### **CONCLUSIONS OF LAW**

1. The offer and/or sale of Internet merchant package, as described in the findings of fact, constitutes the offer and/or sale of a business opportunity as defined in RCW 19.110.020(1).

2. The offer and/or sale of said business opportunities, as described in the findings of fact, were made in violation of RCW 19.110.050, the registration provision of the Business Opportunity Fraud Act.

3. The offer and/or sale of said business opportunities, as described in the findings of fact, were made in violation of RCW 19.110.110, the contract provision of the Business Opportunity Fraud Act.

4. The offer and/or sale of said business opportunity, as described in the findings of fact, were made in violation of RCW 19.110.120, the antifraud provision of the Business Opportunity Fraud Act.

5. The offer and/or sale of said business opportunity, as described in the findings of fact, were made in violation of RCW 19.110.070, the disclosure document provision of the Business Opportunity Fraud Act.

# EMERGENCY

Based on the foregoing, the Securities Administrator finds that an emergency exists, as the continued offering of the business opportunity described above in violation of RCW 19.110.050, RCW 19.110.070, RCW 19.110.110, RCW 19.110.120, and RCW 19.110.140 presents a threat to the investing public. The Securities Administrator therefore finds a summary order to cease and desist from those violations is in the public interest and necessary for the protection of the investing public.

## SUMMARY ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondents Imergent Marketing, Inc.; Stores Online, Inc.; John J. Poelman; Brandon Lewis; Donald Danks; Charles Andrews, their agents and employees, each cease and desist from violation of RCW 19.110.050, RCW 19.110.070 and, RCW 19.110.110, and RCW 19.110.120, the registration, disclosure document, business opportunity contract, and antifraud provisions respectively, of the Business Opportunity Fraud Act.

## AUTHORITY AND PROCEDURE

This Order is entered pursuant to the provisions of RCW 19.110.150, and is subject to the provisions of Chapter 34.05 RCW. The Respondents may each make a written request for a hearing as set forth in the

1 NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this  
2 order.

3 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above  
4 Tentative Findings of Fact and Conclusions of Law as final and make the Summary Order to Cease and Desist  
5 permanent as to that respondent.

6 //

7 //

8 //

9 //

10 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

11 DATED this 18 day of April, 2003.

14 

15 DEBORAH R. BORTNER  
16 Securities Administrator

17  
18  
19 Presented by:

20 

21 Susan H. Anderson  
22 Financial Legal Examiner

Presented by:

/S/ Jason T. Knight

Jason T. Knight

Legal Extern

Approved By:



Michael E. Stevenson

Chief of Enforcement



STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) S-03-010-03-SB01  
Whether there has been a )  
violation of the ) SUBPOENA DUCES TECUM  
Securities Act of Washington )  
by: ) Case Number: S-03-010  
)  
)  
Stores Online; John )  
Poelman; Brandon Lewis;  
Charles Andrews;

Respondents.

THE STATE OF WASHINGTON TO: Stores Online; John Poelman  
754 E Technology Ave,  
Orem, Utah 84097

You are hereby commanded to furnish records to the Securities  
Division, State of Washington, Attn: Jason Knight, General  
Administration Building, 210 11th Avenue SW, Room 300, Olympia,  
Washington 98501 on February 14, 2003, such records to include the  
following:

- (1) All documents evidencing the names, telephone numbers and/or  
addresses of any persons to whom you offered or sold  
business opportunities in the State of Washington;
- (2) All documents evidencing the amount and date of each  
purchase for each person; including, but not limited to  
purchase orders, invoices, contracts, agreements, receipts  
and the like;
- (3) For every bank account into which you deposited funds  
received from the persons described above, all records,

APPLICATION FOR ADJUDICATIVE HEARING  
VEND AMERICA

2

DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

including monthly statements, deposit slips, check registers and canceled checks;

- (4) All offering, promotional and advertising materials used to solicit such purchases, including, but not limited to offering circulars, brochures, video or audiotapes or any form of electronic communication;
- (5) All correspondence between you and investors or offerees concerning such offers or purchases;
- (6) All books, records, ledgers, journals, client files or similar documents you kept relating to such purchases or offers;

This subpoena is issued by authority granted by RCW 19.110.140. Willful disobedience by any person or failure of any person to comply with a lawfully issued subpoena by the Securities Administrator may result in application to the superior court of the appropriate county to compel obedience by a contempt of court proceeding issued by said court.

Dated this 17th day of January 2003.

/s/  
Deborah Bortner

**Securities Administrator**

Presented by:

/s/  
Susan Anderson  
Financial Legal Examiner

\_\_\_\_\_/s/\_\_\_\_\_  
Jason Knight  
Legal Extern